

RESOLUTION 03-19

WHEREAS, pursuant to the Zenovich-Moscone-Chacon Housing and Home Finance Act ("Act"), the California Housing Finance Agency ("Agency") has the authority to provide mortgage guaranty insurance in connection with the administration of the California Housing Loan Insurance Fund (the "Insurance Fund"); and

WHEREAS, pursuant to Resolution 93-18, the Agency previously provided certain pledges of financial support to its insurance programs from the Insurance Fund and from the California Housing Finance Fund ("Finance Fund") in order to maintain the Insurance program's claims-paying rating with Standard & Poor's and Moody's Investor Services; to maintain certain capital levels required by Fannie Mae; and to maintain such reserve and surplus levels as are required of the Insurance Fund under the applicable provisions of the California Insurance Code; and

WHEREAS, California Health & Safety Code section 51368 authorizes the creation of the Supplementary Bond Security Account within the Finance Fund, and further authorizes the Agency to create supplementary reserve accounts within the Supplementary Bond Security Account that may be used for the purpose of insuring mortgages financed by the Agency; and

WHEREAS, the Agency wishes to update, restate and restructure the financial support of the Insurance Fund to state additional objectives and to meet current requirements;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the California Housing Finance Agency as follows:

1. Resolution 93-18 is rescinded.
2. The purpose of this resolution is to establish certain mechanisms by which the Agency may utilize the resources of the Finance Fund to support the mortgage guaranty insurance programs of the Agency, in addition to the funds contained in the Insurance Fund.
3. The objectives of the Agency in creating such mechanisms are (i) to meet any ratings requirements established by any credit ratings service, including, but not limited to, Standard & Poor's or Moody's, in order to obtain a rating that the Agency deems necessary or desirable in order to support its programs of mortgage guaranty insurance; (ii) to maintain such capital levels as are required of mortgage insurers by Fannie Mae or Freddie Mac; (iii) to meet such reserve and surplus levels as are required of the Insurance Fund under the applicable provisions of the California Insurance Code; and (iv) to otherwise support the programs of mortgage guaranty insurance provided by the Agency's continuing business plans, as such plans may be amended from time to time.



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4 4. The Executive Director of the Agency is authorized to create one or more
5 supplementary reserve accounts within the Supplementary Bond Security Account of the
6 Finance Fund, that may be used to indemnify the Insurance Fund for losses incurred by the
7 Insurance Fund, or to pay claims against the Insurance Fund, in connection with loans that
8 are both (i) financed by the Agency as lender, and (ii) insured by the Agency as
9 administrator of the Insurance Fund.

10 5. The Executive Director may additionally establish an inter-fund agreement by
11 which the Insurance Fund may borrow such sums from the Finance Fund as may from time
12 to time be required in order to provide a source of funds sufficient to maintain the claims
13 paying rating of any credit ratings service. The Executive Director shall establish the terms
14 and conditions of such loan or loans at the time of such borrowing. The Executive Director
15 shall from time to time establish the maximum amounts which may be borrowed by the
16 Insurance Fund from the Finance Fund to meet the claims paying requirements of any credit
17 ratings service, which amount shall be consistent with the Agency's bond and issuer credit
18 ratings, as well as the Agency's business plan for mortgage guaranty insurance programs.
19 The Executive Director shall, in connection with each annual business plan, report to the
20 Board the levels of support of the Insurance Fund so established.

21 I hereby certify that this is a true and correct copy of Resolution 03-19 adopted at a
22 duly constituted meeting of the Board of Directors of the Agency held on March 20, 2003, at
23 Sacramento, California.

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ATTEST: 

Secretary

